

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF KENTUCKY)	CASE NO. 10439-A
UTILITIES COMPANY FROM NOVEMBER 1, 1988)	
TO APRIL 30, 1989)	

INTERIM ORDER

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on June 23, 1989 established this case to review and evaluate the operation of the fuel adjustment clause of Kentucky Utilities Company ("KU") for the 6 months ended April 30, 1989.

The Attorney General ("AG"), through his Utility and Rate Intervention Division, was the only intervenor in this case. The AG did not present any witnesses or challenge any evidence or proposals presented by KU.

As part of its review, the Commission ordered KU to submit certain information concerning its fuel procurement, its fuel usage, and the operation of its fuel adjustment clause. KU submitted this information on July 12, 1989. A public hearing was held in this case on August 17, 1989, at which Kenneth Burns, Gerald Haimberger, Wayne Lucas, and Michael Robinson, KU officials, testified.

The Commission has previously fixed KU's base fuel cost at 14.79 mills per Kwh.¹ The Commission's review of KU's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 13.01 mills in December 1988 to a high of 15.71 mills in November 1988, with a 6-month average of 13.72 mills.

The Commission has initiated Case No. 9631.² Pending resolution of that case, the Commission will refrain from making any findings with respect to KU's fuel procurement practices.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, is of the opinion and finds that:

1. KU has complied with Commission Regulation 807 KAR 5:056 regarding the calculation and application of its fuel adjustment clause.

2. No findings are made at this time with respect to the propriety of KU's fuel procurement practices and this matter should be held in abeyance until the Commission has concluded its review.

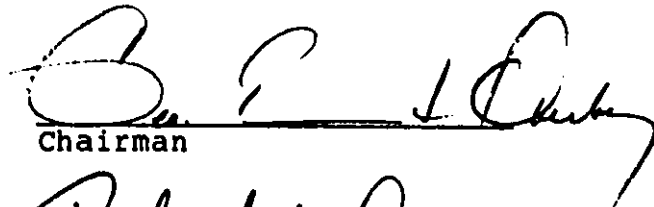
IT IS THEREFORE ORDERED that this docket shall remain open until the Commission has concluded its investigation of KU's fuel procurement practices.

¹ Case No. 10439, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1 1986 to October 31, 1988.

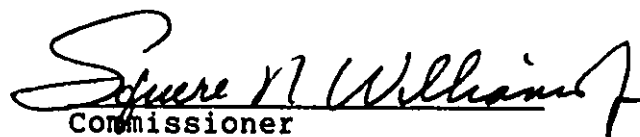
² Case No. 9631, An Investigation Into the Fuel Procurement Practices of Kentucky Utilities Company.

Done at Frankfort, Kentucky, this 17th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director